

FISCAL NOTE

HB 1954 - SB 2066

March 20, 2005

SUMMARY OF BILL: Enacts the *Tennessee Agricultural Alternative Fuels Production Act of 2005*, which: requires the Department of Revenue (DOR) to make incentive payments to dealers of \$0.30 per gallon for each gallon of biodiesel or gasohol sold to a retailer; requires such incentive payments to be made by the DOR from an annual appropriation that is not to exceed \$6,000,000 in any fiscal year.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – Net Impact – \$6,035,000 Recurring / DOR
\$55,000 One-Time**

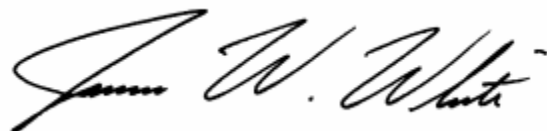
Other Fiscal Impact - To the extent the state loses any federal reimbursement funding, state revenues earmarked for the Highway Fund could decrease by an amount estimated at \$6,000,000.

Assumptions:

- Annual appropriations are made to the DOR from the General Fund.
- According to DOR, one producer of ethanol in Tennessee produces 60 million gallons of fuel each year.
- It is estimated that the entire \$6,000,000 appropriation made to the DOR would be expended for incentive payments.
- One new position (Revenue Audit Technician) in the Department of Revenue estimated at \$35,000 per year.
- Net increase to state expenditures (DOR) estimated at \$6,035,000.
- There would be one-time state expenditures for computer programming changes, software modifications, new form development, and a workstation for the additional position. This amount is estimated at \$55,000.
- To the extent the state loses any federal reimbursements, state revenues earmarked for the Highway Fund could decrease by an amount estimated at \$6,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director